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July 26, 2006

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OF COUNSEL
WILLIAM G. CONLY

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Upper Cotton Valley Formation, Reservoir A, and
Lower Cotton Valley Formation, Reservoir A,
TERRYVILLE FIELD, Claiborne and Lincoln
Parishes, Louisiana.

Dear Sir:

NELSON ENERGY, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Upper Cotton Valley Formation, Reservoir A, and to the Lower Cotton Valley Formation, Reservoir A, in the Terryville Field, Claiborne and Lincoln Parishes, Louisiana:

1. To authorize Applicant to drill, designate and utilize four (4) alternate unit wells for UCV RA SUY and for LCV RA SUY at the locations shown on the attached plat.
2. To approve an exception to the spacing provisions of the Office of Conservation Order No. 370-B series of Orders for the location of any of the proposed alternate unit wells, as shown on the attached plat, which does not comply with these spacing provisions.
3. To find that each of the proposed wells is necessary to efficiently and economically drain a portion of the Upper Cotton Valley Formation, Reservoir A, and the Lower Cotton Valley Formation, Reservoir A, underlying these units which cannot be efficiently and economically drained by any existing well within such units.
4. To permit the operator of UCV RA SUY and of LCV RA SUY to produce the allowables assigned to these units from either the substitute unit well, any alternate unit well or from any combination of such wells, at the option of the operator.
5. To discuss such other matters as may be appropriate and justified by the evidence presented at the hearing.

The Upper Cotton Valley Formation, Reservoir A, in the Terryville Field, Claiborne and Lincoln Parishes, Louisiana, was defined in Office of Conservation Order No. 370-B-7, effective February 18, 1982.

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The Lower Cotton Valley Formation, Reservoir A, in the Terryville Field, Claiborne and Lincoln Parishes, Louisiana, was defined in Office of Conservation Order No. 370-B-6, effective February 18, 1982.

Any pertinent data concerning this application will be available for inspection at the offices of Mr. Joe B. Adams, 9141 Interline Avenue, Suite 3A, Baton Rouge, Louisiana 70809. Any person desiring to inspect any such data should call Mr. Adams at (225) 929-6097 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the Office of Conservation can be obtained from Applicant at the expense of the requesting party.

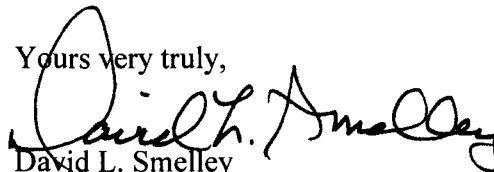
As provided by the Revised Rules of Procedure, the subject matter of this application does not require the issuance of a pre-application notice; therefore, no such notice has been issued.

Pursuant to the aforesaid Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of this letter, and of the attached plat, is being sent to the District Manager of the Shreveport District of the Office of Conservation and to the Interested Owners, Represented Parties and Interested Parties, as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and the enclosed plat, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Terryville Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, we enclose a check payable to the Commissioner of Conservation for the application fee.

Yours very truly,



David L. Smelley
Attorney for Nelson Energy, Inc.

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DLS:dp

Enclosures

cc: Mr. Jim Broussard (w/encl.)
Mr. Danny Moreland (w/encl.)
Mr. Joe B. Adams (w/encl.)
Interested Owners, Represented
Parties and Interested Parties (w/plat only)

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